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**FORMER HOLLINGER CHAIRMAN CONRAD BLACK INDICTED ON NEW
CHARGES, INCLUDING RACKETEERING AND OBSTRUCTION OF JUSTICE**

CHICAGO – New federal charges, including racketeering and obstruction of justice, were returned today against **Conrad M. Black**, former chairman of the Hollinger International, Inc., global publishing empire, who was indicted last month along with three other former top executives for allegedly cheating public shareholders in the U.S. and Canadian taxing authorities. The obstruction count alleges that last spring Black illegally removed more than a dozen boxes of documents from his companies' offices in Toronto. The new charges were brought in an superseding indictment returned today by a federal grand jury in Chicago, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

The expanded 15-count indictment adds four new charges against Black – one count each of racketeering, obstruction of justice, money laundering and wire fraud – in addition to the eight counts of mail fraud and wire fraud that he was charged with in an indictment filed on Nov. 17. Today's indictment also adds one new count of wire fraud against co-defendant **John A. Boulton**, in addition to the eight fraud counts that he was charged with last month. The charges brought last month against co-defendants **Peter Y. Atkinson**, **Mark S. Kipnis** and **The Ravelston Corp. Ltd.**, were unchanged in today's indictment and remain pending.

Black, 61, of Toronto and Palm Beach, Fla., and a member of the British House of Lords; Boulton, 62, of Victoria, British Columbia; Kipnis, 58, of Northbrook, Ill.; and Ravelston, a Toronto company that Black and others privately controlled and is now in Canadian receivership, are expected to be arraigned at 9 a.m. tomorrow at a previously scheduled status hearing before U.S. District Judge Amy St. Eve in Chicago. Atkinson, 58, of Toronto, was previously excused from attending tomorrow's hearing and will be arraigned at a later date. Each of the individual defendants remains free on bond.

Today's indictment alleges the same three fraud schemes that were charged last month: that the defendants fraudulently diverted \$51.8 million in 2000 from Hollinger International's multi-billion-dollar sale of assets to CanWest Global Communications Corp.; that the defendants fraudulently diverted more than \$32 million from the U.S.-based Hollinger newspaper holding company through a complex series of self-dealing transactions; and that Black and Boulton fraudulently misused corporate perks, including a company jet for a vacation by Black and his wife in the South Pacific, two Park Avenue Apartments in New York City, and corporate funds to throw a lavish birthday party for Black's wife.

The alleged fraud schemes involved Hollinger International, Inc. ("International"), a U.S. holding company based in Chicago that is publicly traded on the New York Stock Exchange, and Hollinger Inc. ("Inc."), a Canadian holding company based in Toronto that is publicly traded on the Toronto Stock Exchange. Through various operating subsidiaries, International owned and published newspapers around the world, including the *Chicago Sun-Times*, *The Daily Telegraph* in London, the *National Post* in Toronto, the *Jerusalem Post* in Israel, and hundreds of community newspapers in the United States and Canada. Inc.'s primary asset was its controlling interest in

International. Although Inc. held less than a majority of International's equity, it controlled a majority of International's stock voting power through heavily-weighted stock that trumped the voting power of common stock held by International's public shareholders. Black was the controlling shareholder, chairman and chief executive of International, Inc. and Ravelston.

Both today's indictment and the Nov. 17 indictment, as well as a press release accompanying last month's indictment, are available at www.usdoj.gov/usao/iln

The obstruction count alleges that on May 20, 2005 – after a first attempt was thwarted – Black, together with his chauffeur and an assistant, returned to the principal offices of Inc. and Ravelston at 10 Toronto St., in Toronto, and loaded 13 banker boxes of documents through a rear entrance and into Black's vehicle, which the chauffeur drove away with the boxes inside.

According to the indictment, in December 2004, a Canadian court ordered that no documents could be removed without court permission from the 10 Toronto St. offices. Following other events that put Black and others on notice of various proceedings in the United States, the U.S. Securities and Exchange Commission on May 19, 2005, advised Black's attorney that a written request for documents would be served shortly. The discovery request was served the next day. Just after 2 p.m. on May 20, an assistant to Black asked security personnel at the office building to assist her in removing the boxes of documents to her vehicle. As the boxes were being moved, a representative of Inc. advised an Inspector appointed by the Canadian court that Black was planning to remove documents. The Inspector then advised the building security personnel of the court order prohibiting the removal of documents, and all of the documents were returned by the security personnel to the building. Approximately three hours later, just after 5 p.m., Black and his aides returned to the building and successfully removed the documents, the indictment alleges.

In today's indictment, the racketeering count – against Black alone – alleges that Black was the principal leader, manager and organizer of an association of individuals and entities that comprised the “Hollinger Enterprise.” The enterprise also included Inc., Ravelston, Boulton, a chartered accountant in Canada who functioned as Black's chief financial advisor; Atkinson, an attorney in Canada, who functioned as Black's chief legal advisor; Kipnis, an Illinois attorney and secretary for International's board of directors and audit committee who implemented directives of Black and his associates; and an earlier defendant, **F. David Radler**, 63, of Vancouver, Black's top deputy and former publisher of the *Chicago Sun-Times*, who was the chief manager of International's United States newspapers. Radler pleaded guilty to a fraud charge on Sept. 20 and is cooperating in the government's investigation.

The racketeering count, also known as “RICO,” alleges that between 1998 and August 2002, Black, together with the other defendants, operated the Hollinger Enterprise through a pattern of seven specific racketeering acts, each containing one or more underlying allegations of fraud or interstate transportation of money taken by fraud. The seven acts relate to the sales by International of Community Newspaper Holdings Inc. (CNHI I), Horizon Publications Inc., Forum Communications Inc. and PMG Acquisition Corp. (Paxton), Newspaper Holdings Inc. (CNHI II), American Publishing Co., and CanWest, as well as the corporate perks fraud scheme.

The purposes of the enterprise allegedly included: enriching Black, his associates, and their entities at the expense of International and its public, majority shareholders; depriving International and its public, majority shareholders of their right to receive honest services; promoting and maintaining Black's control over the Hollinger Enterprise's affairs; enriching Black, his associates

and their entities at the expense of Canadian tax authorities; and concealing the fraudulent activities of, and the fraud proceeds received by Black, his associates and their entities.

The indictment alleges that the means and methods of the racketeering included:

- ▶ Black and his associates fraudulently deprived International of money and honest services by inserting themselves and their entities as non-competition covenantors and recipients of non-competition fees, without disclosing their misconduct to International's audit committee, and by making false statements and material omissions about the payments to International's audit committee;
- ▶ Black and his associates fraudulently labeled bonuses paid by International as non-competition fees in order to defraud the Canadian tax authorities of tax revenue;
- ▶ Black, with the assistance of Boulton and other associates, fraudulently abused the perquisites that International had provided to Black – to the benefit of Black and the detriment of International – and failed to disclose Black's misconduct to International's audit committee, thus depriving International of money and honest services; and
- ▶ Black and his associates concealed their fraudulent conduct by, among other things, causing International to make filings with the SEC that contained material falsehoods and omissions, and by making false and fraudulent statements to International's shareholders and other outsiders.

Under the RICO statute, the indictment seeks forfeiture of Black's ownership interests in Conrad Black Capital Corp., which owned a controlling interest in Ravelston, as well as at least \$92 million, which includes more than \$8.5 million in net proceeds that was seized in October 2005 from Black's sale of his Park Avenue apartment in New York, as well as his Palm Beach, Fla., residence at 1930 S. Ocean Blvd. The indictment also contains the previous forfeiture allegations of at least \$84 million from Boulton, Atkinson and Kipnis.

The new wire fraud and money laundering counts against Black allege that he illegally transferred \$2.15 million in fraudulently obtained proceeds from the CanWest and CNHI II

transactions from an account he controlled in Canada to International's bank account in Chicago in order to purchase from the company the second floor apartment at 635 Park Ave., in New York.

Mr. Fitzgerald and Assistant Attorney General Alice S. Fisher of the Justice Department's Criminal Division, both members of the President's Corporate Fraud Task Force, announced the charges together with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Kenneth T. Laag, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; and Byram W. Tichenor, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. The Corporate Fraud Task Force was created by President Bush in July 2002 to oversee and direct federal law enforcement actions against fraud and corruption at American corporations.

The government is being represented by Assistant U.S. Attorneys Robert W. Kent, Jr., Eric H. Sussman, Thomas Shakeshaft and Edward Siskel.

The new counts carry the following maximum penalties, if convicted: racketeering and obstruction of justice – each 20 years in prison and a \$250,000 fine; money laundering – 10 years in prison and a fine up to twice the amount of illegally transferred funds, in this case, \$4.3 million; and wire fraud – 5 years in prison and a \$250,000 fine. As an alternative maximum fine, the Court may impose a fine of twice the gross profit to any defendant or twice the loss to any victim, whichever is greater. The Court, however, would determine the appropriate sentences to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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